

EVERETT CITY COUNCIL AGENDA ITEM COVER SHEET
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Professional Services	_____	Briefing	COUNCIL BILL #	_____
Agreement with Alliant	_____	Proposed Action	Originating Department	Labor Relations/ Human Resources
Employee Benefits to provide	_____	Consent	Contact Person	Sharon DeHaan
insurance brokerage and	<u>7/27/16</u>	Action	Phone Number	425-257-8685
advisory services associated	_____	First Reading	FOR AGENDA OF	July 27, 2016
with employee benefit plans	_____	Second Reading		
	_____	Third Reading		
	_____	Public Hearing		
	_____	Budget Advisory	Initialed by:	
			Department Head	
			CAA	<u>db</u>
			Council President	

<u>Location</u>	<u>Preceding Action</u>	<u>Attachments</u> Professional Services Agreement	<u>Department(s) Approval</u> Labor Relations/ Human Resources Administration
Amount Budgeted	\$80,850		
Expenditure Required	\$80,850	Account Number(s): 508-5170000410	
Budget Remaining	-0-		
Additional Required	-0-		

DETAILED SUMMARY STATEMENT:

The Professional Services Agreement with Alliant Employee Benefits will provide insurance brokerage and advisory services associated with employee benefit plans for the period of September 1, 2016 through August 31, 2019.

RECOMMENDATION (Exact action requested of Council):

Authorize the Mayor to sign the Professional Services Agreement with Alliant Employee Benefits to provide insurance brokerage and advisory services associated with employee benefit plans in the amount of \$80,850 per year.

**CITY OF EVERETT
PROFESSIONAL SERVICES AGREEMENT**

THIS AGREEMENT made and entered into on this 1st day of August, 2016, by and between the **CITY OF EVERETT**, a municipal corporation under the laws of the State of Washington, hereinafter referred to as the "City," and Alliant Employee Benefits, a division of Alliant Insurance Services, Inc., whose address is 1420 5th Avenue, Suite 1500, Seattle, WA 98101, hereinafter referred to as the "Service Provider."

WHEREAS, the City desires to engage Service Provider to perform ongoing consulting services in the area of employee health benefits as further described in the Attachment A for the City of Everett; and

WHEREAS, Service Provider represented, and by entering into this Agreement now represents, that it is fully qualified to perform the work to be performed hereunder in a competent and professional manner;

NOW, THEREFORE, the parties herein do mutually agree as follows:

1. **Engagement of Service Provider.** In a competent and professional manner, Service Provider shall provide the services as described on Attachment A (hereafter referred to as "Work"): Provide insurance brokerage and advisory services associated with employee benefits plans as described in Attachment A. Without a written directive of an authorized representative of the City, Service Provider shall not perform any services that are in addition to, or beyond the scope of, the Work between the City and Service Provider. If Service Provider's proposal is attached as an exhibit, and if such proposal contains or incorporates any conditions or terms in addition to or different from the terms of this Agreement, then Service Provider expressly agrees that such conditions or terms are neither incorporated nor included into this Agreement between the City and Service Provider.

2. **Intellectual Property Rights.** Unless otherwise expressly agreed in writing, all intellectual property rights in works created pursuant to this Agreement, or for the City of Everett, belong to the City of Everett. Service Provider retains any intellectual property rights in works created by Service Provider prior to engagement, or not for its performance of this Agreement ("Prior Works"). If Service Provider uses any Prior Works in the Work delivered under this Agreement, the City agrees that Service Provider shall retain all right, title, and interest in and to such items; provided, however, that Service Provider grants the City a non-exclusive, non-assignable, perpetual, royalty-free license to use such items that are embedded in the Work and are required for the City's own internal use of the Work. Service Provider expressly represents and warrants that the Work shall be original and shall not infringe on another's copyright, or rights in trade or service marks. Service Provider agrees to defend and indemnify City from any and all claims and damages arising out of Service Provider's breach of this Agreement or any non-conforming Work created hereunder.

3. **Time of Beginning and Completion of Performance.** This Agreement shall commence as September 1, 2016 and shall be completed by August 31, 2019.

4. **Compensation.**

A. The City shall pay Service Provider only for completed Work and for services actually rendered which are described herein. Such payment shall be full compensation for Work performed or services rendered, including, but not limited to, all labor, materials, supplies, equipment, and incidentals necessary to complete the Work.

- B. Service Provider shall be paid such amounts and in such manner as follows: For professional consulting services described under "Scope of Services" in Attachment A for the period from September 1, 2016 through August 31, 2019, a fee of \$80,850 payable in twelve monthly installments of six thousand seven hundred thirty seven dollars and fifty cents (\$6,737.50).
- C. Service Provider may receive payment as reimbursement for Eligible Expenses actually incurred. "Eligible Expenses" means those types and amounts of expenses approved for reimbursement by the City. If approval for reimbursement is not obtained from the City prior to Service Provider's incurring the expense, Service Provider acknowledges that the City retains the option not to reimburse Service Provider. Eligible expenses shall not exceed terms as stated above.
- D. Total compensation, including all services and expenses, shall not exceed a maximum of terms as stated above.
- E. If Service Provider fails or refuses to accept direction or carry out the reasonable directions of the City in performance of its work, the City may, in addition to any other remedy, withhold from any payment otherwise due an amount that the City in good faith believes is equal to the cost to the City of correcting, re-procuring, or remedying any damage caused by Service Provider's conduct.
5. **Termination of Contract.** City reserves the right to terminate this Agreement at any time by sending written notice of termination to Service Provider ("Notice"). The Notice shall specify a termination date ("Termination Date") at least fourteen (14) days after the date the Notice is issued. The Notice shall be effective ("Notice Date") upon the earlier of either actual receipt by Service Provider (whether by fax, mail, delivery or other method reasonably calculated to be received by Service Provider in a reasonably prompt manner) or three calendar days after issuance of the Notice. Upon the Notice Date, Service Provider shall immediately commence to end the Work in a reasonable and orderly manner. Unless terminated for Service Provider's material breach, Service Provider shall be paid or reimbursed for: (a) all hours worked and Eligible Expenses incurred up to the Notice Date, less all payments previously made; and (b) those hours worked and Eligible Expenses incurred after the Notice Date, but prior to the Termination Date, that were reasonably necessary to terminate the Work in an orderly manner. Notices under this Section 7 shall be sent by the United States Mail to Service Provider's address provided herein, postage prepaid, certified or registered mail, return receipt requested, or by delivery. In addition, Notices may also be sent by any other method reasonably believed to provide Service Provider actual notice in a timely manner, such as fax. The City does not by this Section 7 waive, release, or forego any legal remedy for any violation, breach, or non-performance of any of the provision of this Agreement. At its sole option, City may deduct from the final payment due Service Provider (a) any damages, expenses or costs arising out of any such violations, breaches, or non-performance and (b) any other backcharges or credits. The City shall not pay Service Provider for any expenses incurred or work done following the effective date of termination unless authorized in writing by the City before the expenses are incurred or the work is done.
6. **Changes.** The City may, from time to time, unilaterally change the scope of the services of Service Provider to be performed hereunder. Such change in the scope of work (and resulting reasonable change in compensation), shall: (a) be made only in writing and signed by an authorized City representative, (b) be explicitly identified as such and (c) become a part of this Agreement.
7. **Subletting/Assignment of Contracts.** Service Provider shall not sublet or assign any of the Work without the express, prior written consent of the City.

8. **Indemnification.**

A. To the extent of Service Provider's fault, breach of this Agreement, willful misconduct, or violation of law, Service Provider will defend and indemnify the City from any and all Claims arising out of, in connection with, or incident to any acts, errors, omissions, or conduct by Service Provider relating to, or arising out of its performance of, this Agreement. Service Provider will defend and indemnify the City whether a Claim is asserted directly against the City, or whether a Claim is asserted indirectly against the City, e.g., a Claim is asserted against someone else who then seeks contribution or indemnity from the City. The amount of insurance obtained by, obtainable by, or required of Service Provider does not in any way limit Service Provider's duty to defend and indemnify the City. The City retains the right to approve Claims investigation and counsel assigned to said Claim which approval shall not be unreasonably denied or delayed, and all investigation and legal work regarding said Claim shall be performed under a fiduciary relationship to the City.

B. The Service Provider's obligations under this Section 8 shall not apply to Claims caused by the sole negligence of the City. If (1) RCW 4.24.115 applies to a particular Claim, and (2) such Claim is caused by or results from the concurrent negligence of (a) the Service Provider, its employees, subcontractors/subconsultants or agents and (b) the City, then the Service Provider's obligations under this Section 8 shall apply only to the extent allowed by RCW 4.24.115.

C. Solely and expressly for the purpose of its duties to indemnify and defend the City, Service Provider specifically waives any immunity it may have under the State Industrial Insurance Law, Title 51 RCW. Service Provider recognizes that this waiver of immunity under Title 51 RCW was specifically entered into pursuant to the provisions of RCW 4.24.115 and was the subject of mutual negotiation.

D. As used in this Section 8: (1) "City" includes the City, the City's officers, employees, agents, and representatives; (2) "Claims" include all losses, penalties, fines, claims, demands, expenses (including, but not limited to, reasonable attorney's fees and litigation expenses), suits, judgments, or damage, whether threatened, asserted or filed against the City, whether such Claims sound in tort, contract, or any other legal theory, whether such Claims have been reduced to judgment or arbitration award, irrespective of the type of relief sought or demanded (such as money or injunctive relief), and irrespective of the type of damage alleged (such as bodily injury, damage to property, economic loss, general damages, special damages, or punitive damages); and (3) "Service Provider" includes Service Provider, its employees, agents, representatives and subcontractors. If, and to the extent, Service Provider employs or engages subcontractors, then Service Provider shall ensure that each such subcontractor (and subsequent tiers of subcontractors) shall expressly agree to defend and indemnify the City to the extent and on the same terms and conditions as Service Provider pursuant to this Section 8.

9. **Insurance.** Service Provider shall procure and keep in force during the term of this Agreement, at Service Provider's own cost and expense, automobile liability insurance on all vehicles used by Service Provider in the performance of its duties under this Agreement. Proof of such insurance shall be provided to the City prior to performing any services hereunder. A statement certifying that no vehicle will be used in fulfilling this Agreement may be substituted for this insurance requirement.

10. **Independent Contractor.**

A. This Agreement neither constitutes nor creates an employer-employee relationship. Service Provider must provide services under this Agreement as an independent contractor. Service Provider must comply with all federal and state laws and regulations applicable to independent contractors including, but not

limited to, the requirements listed in this Section 10. Service Provider agrees to indemnify and defend the City from and against any claims, valid or otherwise, made against the City because of these obligations.

B. In addition to the other requirements of this Section 10, if Service Provider is a sole proprietor, Service Provider agrees that Service Provider is not an employee or worker of the City under Chapter 51 of the Revised Code of Washington, Industrial Insurance for the service performed in accordance with this Agreement, by certifying to the following:

- (1) Service Provider is free from control or direction over the performance of the service; and
- (2) The service performed is outside the usual course of business for the City, or will not be performed at any place of business of the City, or Service Provider is responsible for the costs of the principal place of business from which the service is performed; and
- (3) Service Provider is customarily engaged in an independently established business of the same nature as the service performed, or has a principal place of business for the service performed that is eligible for a business deduction for federal income tax purposes; and
- (4) On the effective date of this Agreement, Service Provider is responsible for filing a schedule of expenses, for the next applicable filing period, with the internal revenue service for the type of service performed; and
- (5) By the effective date of this Agreement or within a reasonable time thereafter, Service Provider has established an account with the department of revenue and other state agencies, where required, for the service performed for the payment of all state taxes normally paid by employers and businesses and has registered for and received a unified business identifier number from the state of Washington; and
- (6) By the effective date of this Agreement, Service Provider is maintaining a separate set of records that reflect all items of income and expenses of the services performed.

C. Any and all employees of Service Provider, while engaged in the performance of any Work, shall be considered employees of Service Provider only and not of the City, and any and all claims that may or might arise under the Worker's Compensation Act on behalf of said employees or Service Provider, while so engaged in any and all claims made by a third party as a consequence of any negligent act or omission on the part of Service Provider's employees, while so engaged on any of the Work, shall be the sole obligation and responsibility of Service Provider.

D. Service Provider shall comply with all applicable provisions of the Fair Labor Standards Act and other legislation affecting its employees and the rules and regulations issued thereunder insofar as applicable to its employees and shall at all times save the City free, clear and harmless from all actions, claims, demands and expenses arising out of said act, and rules and regulations that are or may be promulgated in connection therewith.

E. Service Provider assumes full responsibility for the payment of all payroll taxes, use, sales, income, or other form of taxes (such as state and, city business and occupation taxes), fees, licenses, excises or payments required by any city, federal or state legislation which are now or may during the term of the Agreement be enacted as to all persons employed by Service Provider and as to all duties, activities and requirements by Service Provider in performance of the Work and Service Provider shall assume exclusive liability therefore, and meet all requirements thereunder pursuant to any rules or regulations that are now or may be promulgated in connection therewith.

11. **Employment.** Service Provider warrants that it had not employed or retained any company or person, other than a bona fide employee working solely for Service Provider, to solicit or secure this Agreement and that it has not paid or agreed to pay any company or person, other than a bona fide employee working solely for Service Provider, any fee, commission, percentage, brokerage fee, gifts, or any other consideration, contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, the City shall have the right to annul this Agreement without liability or, in its discretion, to deduct from the Agreement price or consideration or otherwise recover, the full amount of such fee, commission, percentage, brokerage fee, gift, or contingent fee.

12. **Audits and Inspections.** At any time during normal business hours and as often as the City may deem necessary, Service Provider shall make available to the City for the City's examination all of Service Provider's books, records and documents with respect to all matters covered by this Agreement and, furthermore, Service Provider will permit the City to audit, examine and make copies, excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment and other data relating to all matters covered by this Agreement.

13. **City of Everett Business License.** Service Provider shall obtain a City of Everett business license prior to performing any work pursuant to this Agreement.

14. **State of Washington Requirements.** Service Provider shall register and obtain any State of Washington business licenses, Department of Revenue account and/or unified business identifier number as required by RCW 50.04.140 and 51.08.195 prior to performing any work pursuant to this Agreement.

15. **Compliance with Federal, State, and Local Laws.** Service Provider shall comply with and obey all federal, state, and local laws, regulations, and ordinances applicable to the operation of its business and to its performance of work hereunder.

16. **Compliance with the Washington State Public Records Act.** Service Provider acknowledges that the City is subject to the Public Records Act, chapter 42.56 RCW (the "Act"). All records owned, used or retained by the City are public records subject to disclosure unless exempt under the Act, whether or not such records are in the possession or control of the City or Service Provider. Service Provider shall cooperate with the City so that the City may comply with all of its obligations under the Act. Within ten (10) days after receipt of notice from the City, Service Provider shall deliver to the City copies of all records relating to this Agreement or relating to the Work that the City determines qualify as the City's public records under the Act. If the City receives a public records request relating to this Agreement or relating to the Work, the City shall seek to provide notice to Service Provider at least ten (10) days before the City releases records pursuant to such public records request, but in no event will the City have any liability to Service Provider for any failure of the City to provide such notice. In addition to its other indemnification and defense obligations under this Agreement, Service Provider shall indemnify and defend the City from and against any and all losses, penalties, fines, claims, demands, expenses (including, but not limited to, attorney's fees and litigation expenses), suits, judgments, or damage arising from or relating to any failure of Service Provider to comply with this Section 16.

17. **Compliance with Grant Terms and Conditions.** Service Provider shall comply with any and all conditions, terms and requirements of any federal, state or other grant that wholly or partially funds Service Provider's work hereunder.

18. **Waiver.** Any waiver by Service Provider or the City or the breach of any provision of this Agreement by the other party will not operate, or be construed, as a waiver of any subsequent breach by either party or prevent either party from thereafter enforcing any such provisions.

19. **Complete Agreement.** This Agreement contains the complete and integrated understanding and Agreement between the parties and supersedes any understanding, Agreement or negotiation whether oral or written not set forth herein.

20. **Equal Employment Opportunity.** Service Provider shall not discriminate against any employee, applicant for employment, independent Service Provider, or proposed independent Service Provider, on the basis of race, color, religion, sex, age, disability, marital state, or national origin.

21. **Modification of Agreement.** This Agreement may be modified as provided in paragraph 6, or by a writing explicitly identified as a modification of this Agreement that is signed by authorized representatives of the City and Service Provider.

22. **Severability.** If any part of this Agreement is found to be in conflict with applicable laws, such part shall be inoperative, null and void, insofar as it is in conflict with said laws, the remainder of the Agreement shall remain in full force and effect.

23. **Notices.**

A. Notices to the City of Everett shall be sent to the following address:

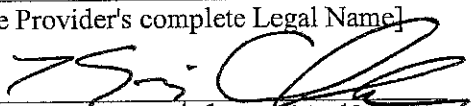
City of Everett
Attn.: Sharon DeHaan, Director of Human Resources
2930 Wetmore Avenue, Suite 5A
Everett, WA 98201

B. Notices to Service Provider shall be sent to the following address:

Service Provider
Attn.: Keith Robertson, Vice President
Alliant Employee Benefits
1420 5th Avenue, Suite 1500
Seattle, WA 98101
With a copy to
General Counsel
701 B Street, 6th Floor
San Diego, CA 92101

24. **Venue.** It is agreed that venue for any lawsuit arising out of this Agreement shall be Snohomish County, Washington.

25. **Governing Law.** The laws of the State of Washington, without giving effect to principles of conflict of laws, govern all matters arising out of or relating to this Agreement.

IN WITNESS WHEREOF , the City and Service Provider have executed this Agreement as of the date first above written.	SERVICE PROVIDER: Please fill in the spaces and sign in the box appropriate for your business entity
CITY OF EVERETT, WASHINGTON _____ Ray Stephanson, Mayor _____ Date	Corporation [Service Provider's complete Legal Name] By:  Typed/Printed Name: <u>KEVIN OERBEY</u> Its: <u>SEVP, Sr. MANAGING DIRECTOR</u> Date: <u>6/29/16</u>
ATTEST: _____ Sharon Fuller, City Clerk _____ Date	Partnership (general) [Service Provider's Complete Legal Name] A Washington general partnership By: _____ Typed/Printed Name: _____ General Partner Date: _____
APPROVED AS TO FORM: _____ James D. Iles, City Attorney _____ Date	Partnership (limited) [Service Provider's Complete Legal Name] A Washington limited partnership By: _____ Typed/Printed Name: _____ General Partner Date: _____
	Sole Proprietorship Typed/Printed Name: _____ Sole Proprietor: _____ Date: _____
	Limited Liability Company [Service Provider's Complete Legal Name] A Washington limited liability company By: _____ Typed/Printed Name: _____ Managing Member Date: _____

ATTACHMENT A
Description of Services/Scope of Work

Plan Administration

The Contractor shall provide insurance brokerage and advisory services associated with employee benefit plans. Services to be provided include:

1. Assist the City in administering group insurance plans, responding to questions from and providing information to staff representatives, settling claim disputes and other oversight services during the course of the programs.
2. Represent the City in negotiations with carriers on all issues, including those related to premiums, benefit levels, plan design and special terms and conditions.
3. Meet with and provide reports to various City representatives, when requested by the City, including the City Council, City administration, employee groups and City staff.
4. On an annual basis, review benefit plan designs, recommend and provide information on plan design changes including any mandated design changes and provide assistance with annual open enrollment communication pieces.
5. Act as an intermediary on the City of Everett's behalf with the underwriting community and marketing activities, analyzing options and proposing recommendations.
6. Assist the City in plan design, financial analysis and implementation for state mandated retiree coverage.

Financial Analysis, Monitoring and Planning

1. Assist in the development of a long-term strategic plan for the benefits program which includes objectives and initiatives to reduce and control health plan expenditures while retaining a competitive benefits program.
2. Provide an ongoing actuarial analysis of plan financial experience, claims experience and future funding requirements as a basis for the strategic plan development.
3. Provide annual, quarterly and monthly analyses and reporting that includes:
 - Claims, enrollment, and demographic data collection
 - Claims experience (actual versus expected)
 - Analysis of historical data to develop and validate trends
 - Analysis of utilization and contracted savings in the PPO self-insured plan option
 - Calculation of appropriate reserve levels for self-insured plan options on an ongoing basis
 - Calculation of prospective employee contributions

- Assist in determination of funding rates for the following plan year no later than July 1 of each year.
 - Determine funding requirements to develop a long term strategic plan for the benefits program
4. Compare premium rates and employee contributions to local, regional or state public sector norms.

Compliance

1. Provide updates and ongoing assistance with federal and state reporting, regulations, compliance and contract requirements as mandated by outside agencies.
2. Develop procedures to ensure its benefit programs are in good legal standing.
3. Research and advise the City of new developments in employee benefit programs on an ongoing basis

Employee Communications and Claims Resolution Support

1. Assist the City with the implementation and communication of new programs or changes to existing programs, which will include attending various meetings.
2. Coordinate with City representatives on employee relations issues concerning group insurance and benefit programs

Annual Renewals

1. Provide and negotiate annual renewals from carriers to include the projection of expenses and rates for active employees, retirees and COBRA participants for the next calendar year.
2. Prepare Request for Proposals (RFP's) for City benefit plans and for stop-loss coverage. This includes evaluating the responses and recommending changes to the City based on the RFP findings

STATE RETIREMENT SYSTEMS FORM
ATTACHMENT TO PROFESSIONAL SERVICES AGREEMENT
ALL SERVICE PROVIDERS MUST COMPLETE AND SIGN THIS FORM

1. Does Service Provider have twenty-five (25) or more employees? ☒ Yes ☐ No
IF YES: SKIP QUESTION 2, SKIP QUESTION 3, AND SIGN BELOW.
IF NO: ANSWER QUESTIONS 2 AND 3.

2. If a Service Provider employee will perform Work under this Professional Services Agreement, did that employee retire under the Public Employers' Retirement System (PERS), School Employees' Retirement System (SERS), or Teachers' Retirement System (TRS)? ☐ Yes ☐ No

3. Answer the appropriate question below for Service Provider's business organization:

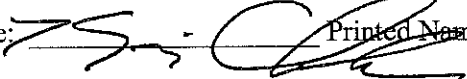
Sole Proprietor. Did Service Provider retire under the Public Employers' Retirement System (PERS), School Employees' Retirement System (SERS), or Teachers' Retirement System (TRS)? ☐ Yes ☐ No

Partnership. If a partner will perform Work under this Professional Services Agreement, did that partner retire under the Public Employers' Retirement System (PERS), School Employees' Retirement System (SERS), or Teachers' Retirement System (TRS)? ☐ Yes ☐ No

Limited Liability Company. If a member will perform Work under this Professional Services Agreement, did that member retire under the Public Employers' Retirement System (PERS), School Employees' Retirement System (SERS), or Teachers' Retirement System (TRS)? ☐ Yes ☐ No

Corporation. If a shareholder will perform Work under this Professional Services Agreement, did that shareholder retire under the Public Employers' Retirement System (PERS), School Employees' Retirement System (SERS), or Teachers' Retirement System (TRS)? ☐ Yes ☐ No

Service Provider Name: Alliant Insurance Services
Service Provider Phone Number: 206-204-9100

Signature:  Printed Name: KEVIN OVERBEY Title: SEVP, S. MANAGING DIRECTOR

(Retirement Form Approved by City Attorney's Office January 1, 2010)